

SIXTH ANNUAL REPORT

of the

**SPECIAL FORCES
PENSION BOARD**

pursuant to

SPECIAL FORCES PENSION ACT

FOR THE YEAR ENDED
March 31, 1985



PROVINCIAL TREASURER

323 Legislature Building, Edmonton, Alberta, Canada T5K 2B6 403/427-8809

To the Honourable HELEN HUNLEY

Lieutenant Governor of the Province of Alberta

MAY IT PLEASE YOUR HONOUR:

I have the honour to submit the Sixth Annual Report of the Special Forces Pension Board, pursuant to the *Special Forces Pension Act*, for the year ended March 31, 1985.

A handwritten signature in cursive script, appearing to read "Dick Johnston".

Dick Johnston
MINISTER FOR PENSIONS



The Honourable Dick Johnston
Provincial Treasurer
Minister for Pensions
Government of the Province of Alberta
Edmonton, Alberta.

Sir:

I have the honour to submit the Sixth Annual Report of the Special Forces Pension Board, pursuant to the *Special Forces Pension Act*, for the year ended March 31, 1985.

During the year, Mr. A.G. Heisler was replaced on the Special Forces Pension Board by Mr. A.F. Collins as the member representing the direct interest of the public.

The Board considered the findings of a recent Actuarial Report and a Cash Flow Study. Due to the inconsistencies found in the data, the Board deferred any recommendation based on the findings, until the study for the period ending March 31, 1985 is received.

The statistical and financial information provided in the report has been obtained from the internal records of the Board and the Payroll and Pensions Division of Alberta Treasury, which have not been subjected to an independent audit.

Respectfully submitted,



J.E. Faries
CHAIRMAN OF THE BOARD



TABLE OF CONTENTS

	Page
Special Forces Pension Board	vii
Report on the Activities of the Board	1
Summary - Participation	2
- Contributions	2
- Refunds of Contributions	2
- Retirements and Pensions	2
- Death-in-Service Benefits	3
Contributions Received in 1984-85	5
Transfers by Book Entry	5
Monthly Dollar Value of Pensions	7
Pension Adjustment Regulations	9
Comparative Statistics (April 1979 to March 1985)	11
Summary of Receipts and Payments	12

SPECIAL FORCES PENSION BOARD

BOARD CHAIRMAN

J.E. Faries
Chairman
Government Pension Boards

VICE-CHAIRMAN

G.E. Witherden
Director
Law Enforcement Division
Solicitor General's Department

MEMBERS

John A. Pare
General Manager
Personnel Department
City of Edmonton

Don Attridge
Personnel Supervisor
City of Medicine Hat

Norman E. Koch
President
Edmonton Police Association

Sidney Shields
Representative
Alberta Federation
of Police Associations

A.F. Collins
Special Advisor
to the Provincial Treasurer



SPECIAL FORCES PENSION ACT

REPORT ON THE ACTIVITIES OF THE BOARD AND OPERATION OF THE ACT

The Special Forces Pension Board met three times in the year ended March 31, 1985 and dealt with the following policy matters:

1. Review of actuarial tables.
2. Review of the assumptions required for the 1984 actuarial valuation of the plan.
3. Establishment of policy regarding calculation of interest on prior service costs paid by salary assignment.
4. Development of a policy for the co-ordination of Canada Pension Plan with the Special Forces pension.
5. Question of changing current legislation governing division of pension contributions under the plan between the members and the employers.
6. Definition of "policeman" for the purpose of the Special Forces Pension Act.
7. Definition of term "actual service" appearing in Section 26(10) of the Special Forces Pension Act.
8. Approval of the Town of Redcliff police force to participate in the Special Forces Pension Plan.
9. Negotiation with the Ontario Municipal Employees Retirement System for a "present value" type of reciprocal agreement.
10. Definition of "salary" for pension purposes under the Special Forces Pension Act.
11. Establishment of a policy regarding negotiation of reciprocal agreements with other pension authorities on capitalized value basis.

The Board also considered and provided direction in cases concerning prior service, leave of absence in excess of 12 months, potential service in respect of a deceased police officer for the purpose of pension benefits, and participation in the plan by a member while receiving disability benefits.

Four issues of the pension newsletter POSTSCRIPT were published by the Pension Boards Secretariat and distributed during the year to pensioners who had retired under one of the six pension plans sponsored by the Government. The circulation of the newsletter was approximately

19,000. This publication aims to keep the pensioners informed of pension developments and other interest items, and to provide a forum for their concerns and views.

Three seminars were presented during the year by the Pension Boards Secretariat on behalf of the Special Forces Pension Board for the members and representatives of the employers participating in the plan.

PARTICIPATION

During the year, the police force of the Town of Redcliff was brought under the operation of the Special Forces Pension Act.

As of March 31, 1985, there were nine employers participating in the plan, with an active membership of 2,578 contributors. Though the number of employers increased by one, the number of contributors decreased during the year by 31.

CONTRIBUTIONS

Pension contributions received during the year from members and employers, amounted to \$14,316,131.36, reflecting an increase of 5.68 per cent over pension contributions of \$13,546,601.04 during 1983-84.

REFUNDS OF CONTRIBUTIONS

During the year, member contributions and interest, totalling \$189,617.45, were refunded to members leaving the service. Of this, a sum of \$143,652.19 was paid out directly to the terminating members and a sum of \$45,965.26 was transferred to their registered retirement savings plans and registered pension plans approved by the Board.

Excess contributions in the amount of \$29,410.85 were refunded to members and employers concerned.

RETIREMENTS AND PENSIONS

Twenty-three police officers retired during the year, one at the normal retirement age of 60 and 22 prior to age 60, on unreduced full-formula pensions. Of these, eight officers retired between the ages of 55 and 59, seven officers between the ages of 50 and 54, and

seven officers between the ages of 45 and 49. (The Special Forces Pension Act allows police officers with 25 years of pensionable service to retire on an unreduced pension at any age.)

All the 23 retiring members selected Normal Pension which, in the event of a member's death, pays the surviving spouse a Spousal Pension equalling 65 per cent of the retired member's pension.

Two pensioners died during the year and their Normal Pensions (guaranteed term 60 months) expired.

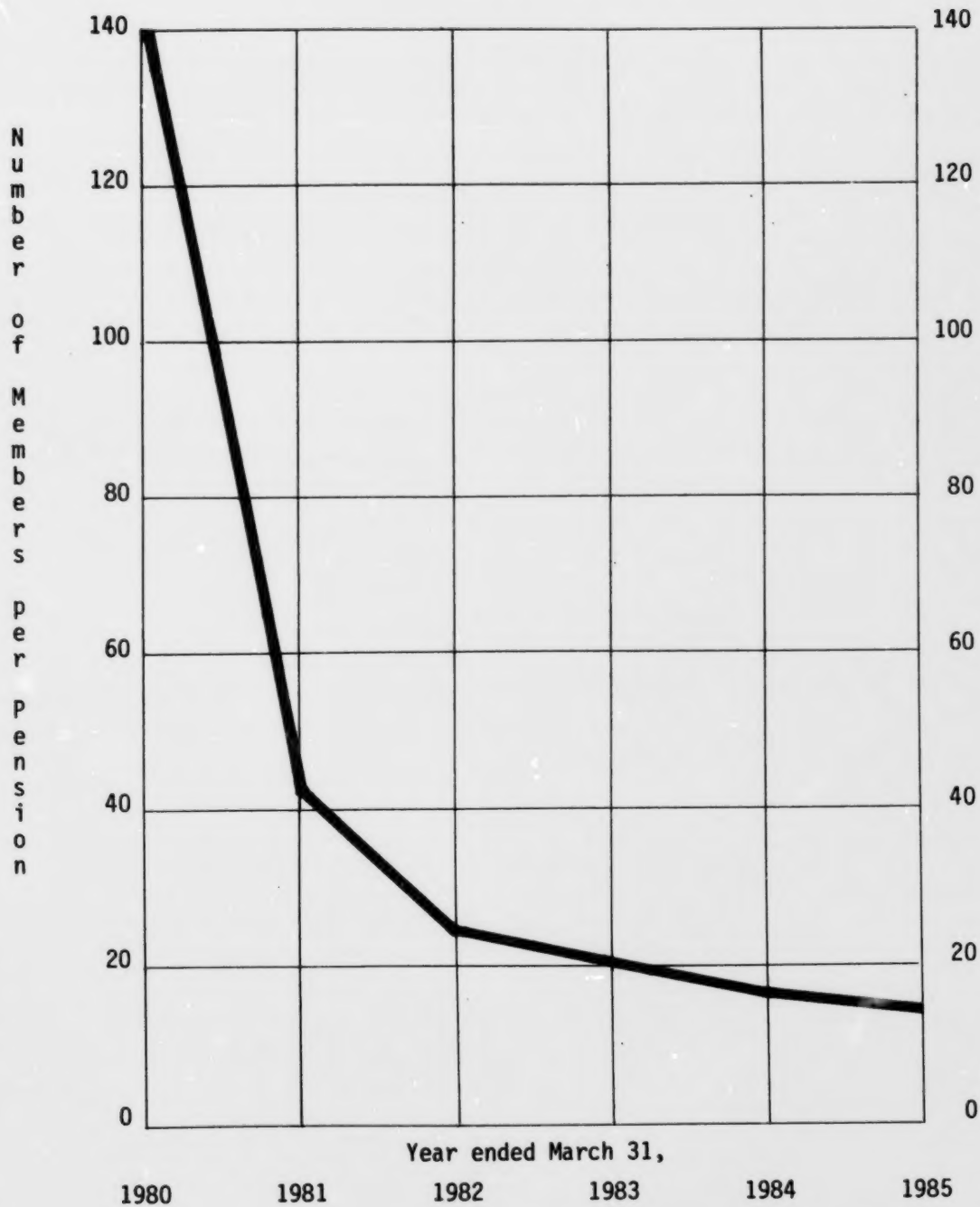
As of March 31, 1985, there were 190 pensions in payment to retired members or to the surviving spouses of former members, including seven advances being paid to retirees pending finalization of their pension files. One hundred and seventy-eight of these pensions were co-ordinated with Canada Pension Plan and/or Old Age Security.

The average age of the retirees during 1984-85 was 52.3 years approximately as compared with the average age of 51.4 years for 1983-84.

DEATH-IN-SERVICE BENEFITS

Four members died during the year while in service. Three of the surviving spouses were granted Spousal Pensions while one was granted a lump sum payment.

NUMBER OF MEMBERS PER PENSION
(March 1980 - March 1985)

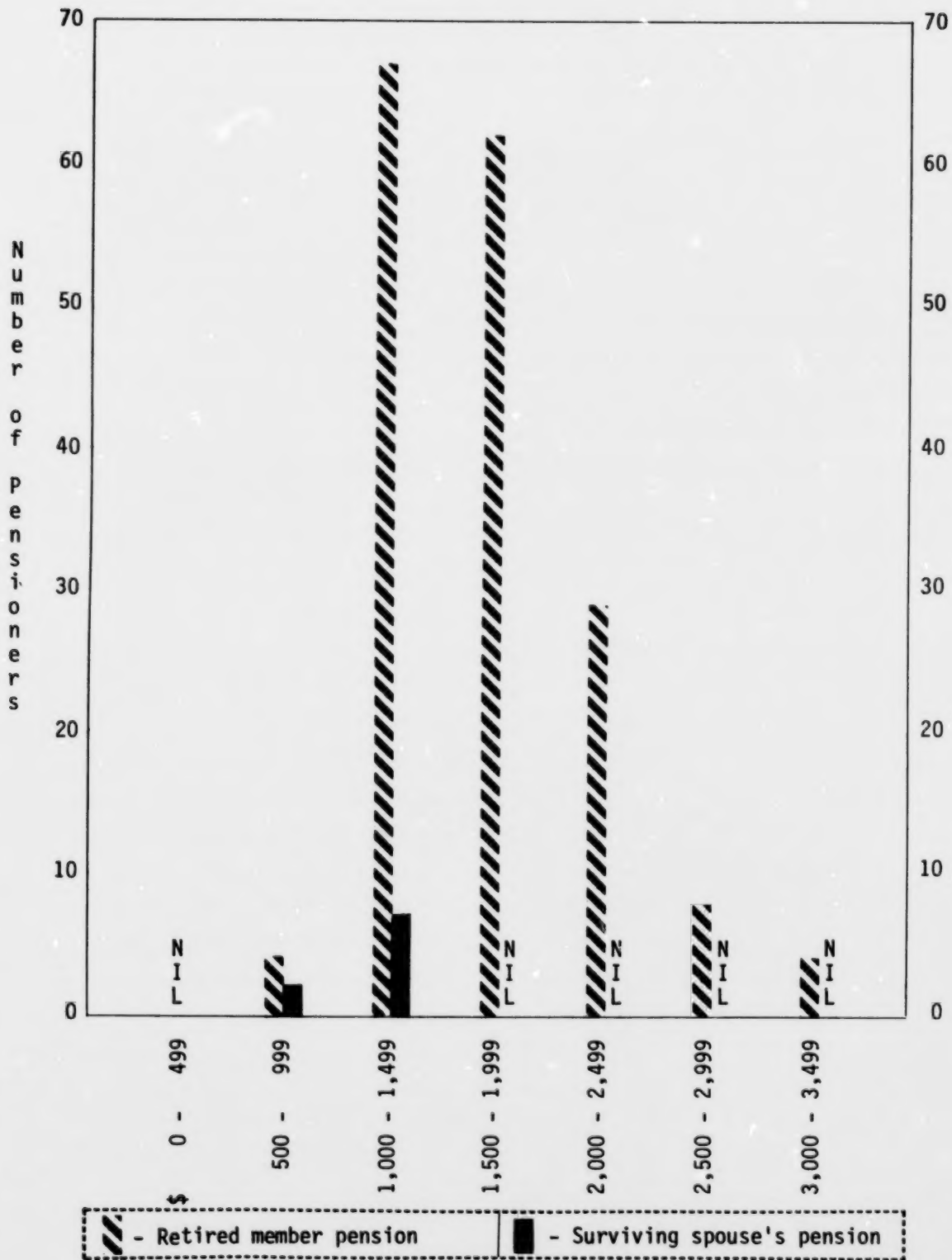


**CONTRIBUTIONS RECEIVED
(1984-85)**

EMPLOYER	NUMBER OF ACCOUNTS AT 31-MAR-85	EMPLOYEE CONTRIBUTIONS	EMPLOYER CONTRIBUTIONS
City of Edmonton	1,135	\$2,912,774.93	\$3,295,921.83
City of Calgary	1,228	3,247,291.83	3,607,768.82
City of Camrose	22	57,717.10	57,555.96
City of Lethbridge	92	261,431.01	301,338.84
City of Medicine Hat	69	198,498.46	220,798.31
Town of Coaldale	8	14,835.47	21,207.08
Town of Lacombe	11	16,603.29	54,002.55
Town of Redcliff	6	3,904.35	4,195.66
Town of Taber	7	19,806.57	20,479.30
Totals	2,578	\$6,732,863.01	\$7,583,268.35

TRANSFERS BY BOOK ENTRY

During the year, contributions and interest in the amount of \$65,593.63 were transferred by book entry from the Special Forces Pension Plan to the Local Authorities Pension Plan. An amount of \$131,386.52 was transferred from the Local Authorities Pension Plan to the Special Forces Pension Plan by book entry. These transfers are not reflected in the Summary of Receipts and Payments.



MONTHLY DOLLAR VALUE OF PENSIONS

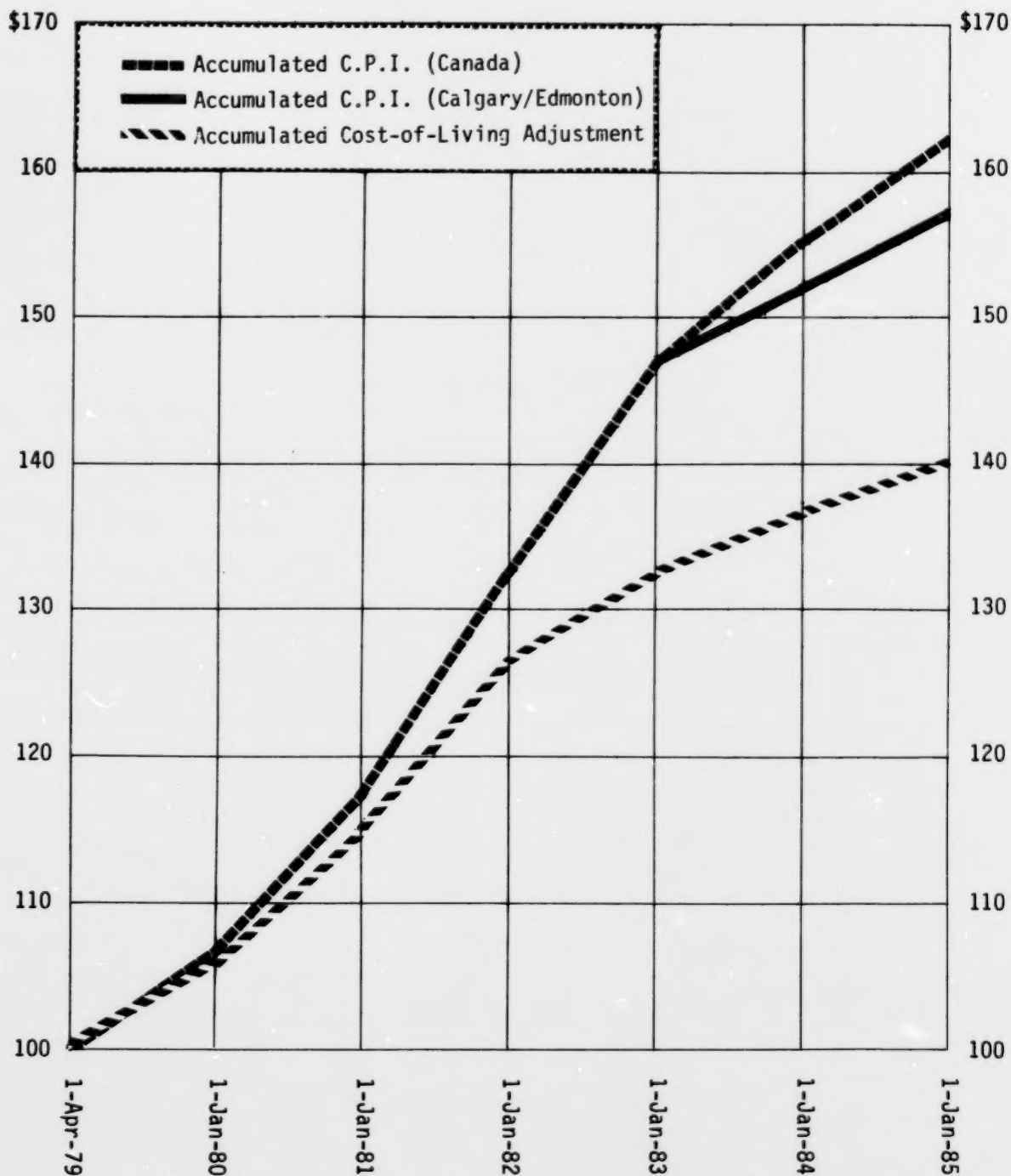
The monthly dollar value of pensions in effect at March 31, 1985 was as follows:

DOLLAR VALUE PER MONTH	NUMBER OF PENSIONS AND PERCENTAGE OF TOTAL		
	Member Pensions	Spousal Pensions	Total
\$ 0 - 499	0	0	0
500 - 999	4 (2%)	2 (1%)	6 (3%)
1,000 - 1,499	67 (37%)	7 (4%)	74 (41%)
1,500 - 1,999	62 (34%)	0	62 (34%)
2,000 - 2,499	29 (16%)	0	29 (16%)
2,500 - 2,999	8 (4%)	0	8 (4%)
3,000 - 3,499	4 (2%)	0	4 (2%)
Totals	174 (95%)	9 (5%)	183 (100%)

The lowest member pension at March 31, 1985 was \$688.00 per month and the highest was \$3,100.00 per month. The average monthly pension paid to a member was \$1,716.00 while the median monthly pension was \$1,619.00.

The lowest surviving spouse pension at March 31, 1985 was \$947.00 per month and the highest was \$1,320.00 per month. The average monthly pension paid to a surviving spouse was \$1,175.00 while the median monthly pension was \$1,146.00.

COMPARISON OF C.P.I. AND C.O.L.A.
(1-Apr-79 to 1-Jan-85)



Note: The cost-of-living adjustment to pensions is made from 1st of January. The Consumer Price Index shown is for the calendar year preceding 1st January. The C.P.I. for Canada and the C.P.I. for Calgary/Edmonton have been almost identical, except for the years 1982, 1983 and 1984.

PENSION ADJUSTMENT REGULATIONS

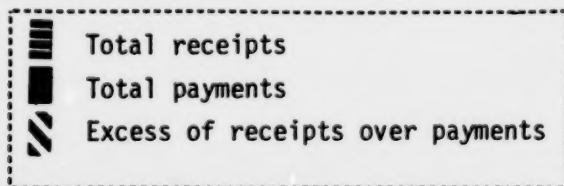
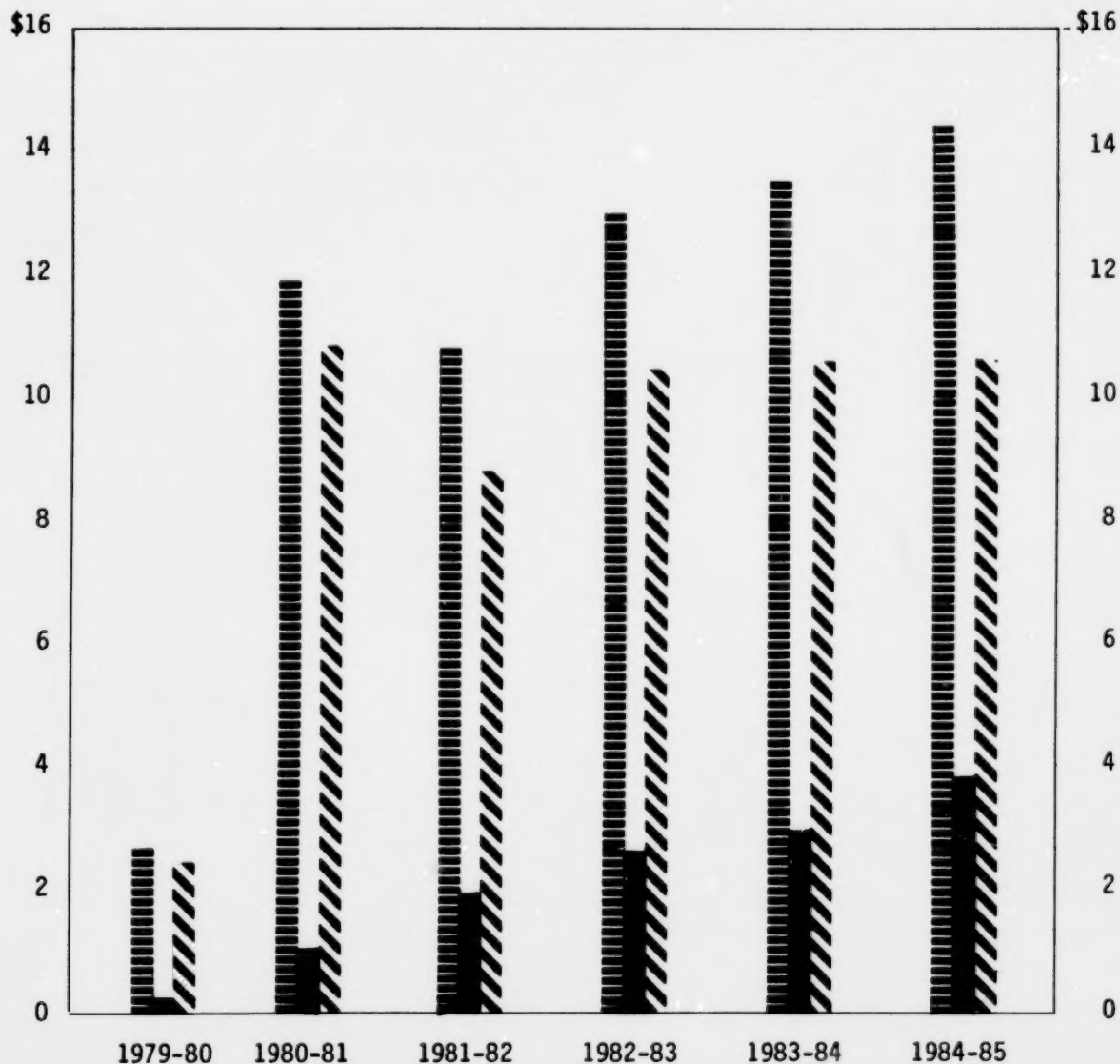
For the purpose of maintaining approximate parity with the cost of living, *Section 1 of the Special Forces Pension Adjustment Regulations*, being Alberta Regulation 9/80, as amended, was further amended to authorize the following adjustments, effective January 1, 1985:

- (a) pensions granted on or before January 1, 1984 were increased by 2.5 per cent;
- (b) pensions granted after January 1, 1984 but on or before February 1, 1984 were increased by 2.29 per cent;
- (c) pensions granted after February 1, 1984 but on or before March 1, 1984 were increased by 2.08 per cent;
- (d) pensions granted after March 1, 1984 but on or before April 1, 1984 were increased by 1.88 per cent;
- (e) pensions granted after April 1, 1984 but on or before May 1, 1984 were increased by 1.67 per cent;
- (f) pensions granted after May 1, 1984 but on or before June 1, 1984 were increased by 1.46 per cent;
- (g) pensions granted after June 1, 1984 but on or before July 1, 1984 were increased by 1.25 per cent;
- (h) pensions granted after July 1, 1984 but on or before August 1, 1984 were increased by 1.04 per cent;
- (i) pensions granted after August 1, 1984 but on or before September 1, 1984 were increased by 0.83 per cent;
- (j) pensions granted after September 1, 1984 but on or before October 1, 1984 were increased by 0.63 per cent;
- (k) pensions granted after October 1, 1984 but on or before November 1, 1984 were increased by 0.42 per cent;
- (l) pensions granted after November 1, 1984 but on or before December 1, 1984 were increased by 0.21 per cent.

(Alberta Regulation 415/84)

RECEIPTS, PAYMENTS AND EXCESS RECEIPTS OVER PAYMENTS
(1979-80 to 1984-85)

(\$ Millions)



COMPARATIVE STATISTICS

(April 1, 1979 to March 31, 1985)

(\$ Thousands)

FISCAL YEAR	R E C E I P T S		P A Y M E N T S			EXCESS OF RECEIPTS OVER PAYMENTS \$
	MEMBER CONTRIBUTIONS \$	EMPLOYER CONTRIBUTIONS \$	TOTAL \$	BENEFITS \$	WITHDRAWALS \$	
1979-80	1,172	1,442	2,614	58	151	2,405
1980-81	4,170	7,752	11,922	711	326	10,885
1981-82	4,822	5,934	10,756	1,574	359	8,823
1982-83	6,146	6,848	12,994	2,216	349	10,429
1983-84	6,392	7,154	13,546	2,788	192	10,566
1984-85	6,733	7,583	14,317*	3,560	219	10,538*

Note: Excess of receipts over payments does not include interest, these funds might have earned during the year.

** Includes \$1,353.10 on account of interest earned on overdue receivables.*

SPECIAL FORCES PENSION PLAN

SUMMARY OF RECEIPTS AND PAYMENTS for the year ended 31-Mar-85 (UNAUDITED)

RECEIPTS

CONTRIBUTIONS	1984-85	1983-84
Members	\$ 6,732,863.01	\$ 6,392,347.34
Employers	7,583,268.35	7,154,253.70
Interest Earned on Overdue Receivables	1,353.10	-
	<u>\$14,317,484.46</u>	<u>\$13,546,601.04</u>

PAYMENTS

BENEFITS		
Pensions to retired members	\$ 3,408,406.77	\$ 2,676,344.04
Pensions to survivor spouses	126,848.65	91,131.27
Lump sum payments to beneficiaries/estates of deceased members	24,758.98	20,597.40
	<u>\$ 3,560,014.40</u>	<u>\$ 2,788,072.71</u>

WITHDRAWALS

Contributions and interest in respect of members leaving the service	\$ 143,652.19	\$ 168,346.74
Contributions and interest in respect of members transferred to other pension authorities without reciprocal transfer agreement	45,965.26	20,634.87
Refunds of excess contributions	29,410.85	3,130.44
	<u>\$ 219,028.30</u>	<u>\$ 192,112.05</u>
	<u>\$ 3,779,042.70</u>	<u>\$ 2,980,184.76</u>
EXCESS OF RECEIPTS OVER PAYMENTS FOR THE YEAR	<u>\$10,538,441.76</u>	<u>\$10,566,416.28</u>

Note: The receipts and payments shown above do not reflect the transfers of contributions and interest to and from other Alberta pension plans, made by book entry.